

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN

FINANCIAL STATEMENTS

MARCH 31, 2008

## Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	VERNON	County	SHIAWASSEE	Type	TOWNSHIP	MuniCode	78-1-150
Opinion Date	JUNE 2, 208	Audit Submitted	9/9/8	Fiscal Year	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 523,727.00
General Fund Expenditure:	\$ 573,394.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 237,883.00
Governmental Activities Long-Term Debt (see instructions):	\$ 322,729.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	GERALDINE	Last Name	TERRY	Ten Digit License Number	1101026880
CPA Street Address	217 N. WASHINGTON ST	City	OWOSSO	State	MI
				Zip Code	48867
CPA Firm Name	DEMIS & WENZLICK, P.C.	Unit's Street Address	217 N. Washington St	City	OWOSSO
				Zip Code	48867

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
MARCH 31, 2008

ELECTED OFFICIALS

Bert DeClerg	Supervisor
Charlotte Clarke	Clerk
Mary Jane Edward	Treasurer
Michael Blackledge	Trustee
Susan Bannister	Trustee
Merilee Lawson	Assessor

VERNON TOWNSHIP

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## DEMIS and WENZLICK, P.C.

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David Pullen  
Dean Roach  
Vicki Schuler  
Joyce Simmons  
Barbara Wenzlick  
Bruce Wenzlick

### INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Vernon Township  
Shiawassee County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vernon Township as of and for the year then ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vernon Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section and the other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Dennis and Wenzel, P.C.*

Certified Public Accountants

June 2, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## VERNON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Vernon Township's (the Township's) financial performance and position, providing an overview of the activities for the year ended March 31, 2008. This analysis should be read in conjunction with the Independent Auditors Report and with the Township's financial statements, which follow this section. The fiscal year ended March 31, 2008 represents the first year the Township has reported under the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37 Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments – Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures. Therefore, this discussion and analysis does not provide comparisons with previous years.

### FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by approximately \$1.7 million dollars (net assets). Of this amount, approximately \$959,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by approximately \$259,000 for the fiscal year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of approximately \$959,000, a small decrease of \$7,000 in comparison with the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basis financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).



VERNON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 10 through 12 of this report.

VERNON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 43 of this report

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 22 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 23 through 28 of this report.

Combining and individual fund statements and schedules can be found on pages 29 through 42 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1.7 million at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (42 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.

VERNON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

**Township as a Whole**

The following table shows, in a condensed format, the net assets of the Township as of March 31, 2008:

Current Assets	\$1,052,755
Capital Assets	<u>981,059</u>
Total Assets	<u>\$2,033,814</u>
Current Liabilities	\$ 92,833
Non-Current Assets/Long-Term	<u>274,500</u>
Total Liabilities	<u>\$ 367,333</u>
Net Assets	<u>\$1,666,481</u>

The following table shows the change in net assets for the year ended March 31, 2008:

Program Revenues	
Charges for Services	\$ 76,998
General Revenues	
State Shared Revenues	285,016
Property Tax/Special Assessments	524,194
Interest	21,663
Other General Revenues	<u>48,710</u>
Total Revenues	<u>\$ 956,581</u>
Program Expenses	
General Government	\$ 211,769
Public Safety (Fire and Ambulance)	225,966
Public works	257,676
Community/Economic Development	<u>1,895</u>
Total Expenses	<u>\$ 697,306</u>
Change in Net Assets	<u>\$ 259,275</u>

VERNON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

**The Township's Funds**

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The analysis of the Township's governmental funds begins on Page 10 following the government-wide financial statements. The fund financial statements provide detailed information about all the general government funds. Vernon Township's Board of Trustees has the ability to create funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages and special assessments.

The General Fund pays for the majority of the Township's governmental services. The Fire Funds pay for the purchase of equipment, fire wages, insurance, etc. The General Fund paid \$288,837 for road maintenance during the year.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year and to reallocate expenses across different governmental activities. All activities came in under budget at year-end, there was an overall favorable budget to actual variance of \$86,106.

**Capital Assets**

At the end of the fiscal year, the Township had approximately \$2,154,240 (valued at historical cost) in assets which includes building, land, land improvements, furniture, equipment, fire equipment, fire vehicles, office equipment and software. Accumulated depreciation recorded for the general township assets was \$1,173,181.

**Current Economic Factors**

Vernon Township's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2008 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for the fiscal year 2008 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a decrease in interest rates.

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Supervisor at 6801 S. Durand Road, Durand, Michigan 48429.

**BASIC  
FINANCIAL STATEMENTS**

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
MARCH 31, 2008

	Governmental <u>Activities</u>
Assets	
Cash and Investments	\$ 990,995
Receivables (Within One Year)	61,486
Due from Funds	274
Capital Assets not being Depreciated	37,000
Capital Assets being Depreciated, Net	<u>944,059</u>
TOTAL ASSETS	<u>\$2,033,814</u>
Liabilities	
Accounts Payable	\$ 26,732
Accrued Liabilities	14,405
Due to Other Entities	3,467
Notes Payable - Due Within One Year	48,229
Noncurrent Liabilities:	
Due Beyond One Year	<u>274,500</u>
TOTAL LIABILITIES	<u>\$ 367,333</u>
Net Assets	
Invested in Capital Assets (Net of Related Debt)	\$ 706,559
Unrestricted	<u>959,922</u>
TOTAL NET ASSETS	<u>\$1,666,481</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u> Charges for <u>Services</u>	Net (Expense) Revenue and Changes in Net <u>Assets</u> Total Governmental <u>Activities</u>
Primary Government:			
Governmental Activities:			
General Government	\$ 211,769	\$ 38,452	\$ (173,317)
Public Safety	225,966	38,546	(187,420)
Public Works	257,676		(257,676)
Community & Economic Development	<u>1,895</u>		<u>(1,895)</u>
Total Governmental Activities	<u>\$ 697,306</u>	<u>\$ 76,998</u>	<u>\$ (620,308)</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose			\$ 167,531
Special Assessments			356,663
State Revenue Sharing			285,016
Investment Earnings			21,663
Rentals and Other			<u>48,710</u>
Total General Revenues			<u>\$ 879,583</u>
Change in Net Assets			\$ 259,275
Net Assets, Beginning of Year			<u>1,407,206</u>
Net Assets, End of Year			<u>\$1,666,481</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Refuse</u>	<u>Revolving Improvement</u>	<u>Ambulance</u>	<u>Total Government Funds</u>
<b>ASSETS:</b>						
Cash	\$227,918	\$149,180	\$164,620	\$264,468	\$184,809	\$ 990,995
Taxes Receivable	13,465	13,384	14,796		7,975	49,620
Accts. Receivable – Cable	11,866					11,866
Due from Other Funds	274					274
<b>TOTAL ASSETS</b>	<u>\$253,523</u>	<u>\$162,564</u>	<u>\$179,416</u>	<u>\$264,468</u>	<u>\$192,784</u>	<u>\$1,052,755</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 10,229	\$ 3,482	\$ 13,021			\$ 26,732
Payroll Taxes	1,944	861				2,805
Accrued Interest Payable		11,600				11,600
Due to Other Entities	3,467					3,467
Current Portion Long-Term Debt		48,229				48,229
<b>TOTAL LIABILITIES</b>	<u>\$ 15,640</u>	<u>\$ 64,172</u>	<u>\$ 13,021</u>	<u>\$</u>	<u>\$</u>	<u>\$ 92,833</u>
Unreserved Fund Balance	<u>\$237,883</u>	<u>\$ 98,392</u>	<u>\$166,395</u>	<u>\$264,468</u>	<u>\$192,784</u>	<u>\$ 959,922</u>
<b>TOTAL FUND EQUITY</b>	<u>\$237,883</u>	<u>\$ 98,392</u>	<u>\$166,395</u>	<u>\$264,468</u>	<u>\$192,784</u>	<u>\$ 959,922</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$253,523</u>	<u>\$162,564</u>	<u>\$179,416</u>	<u>\$264,468</u>	<u>\$192,784</u>	<u>\$1,052,755</u>

The accompanying notes are an integral part of the financial statements.



VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
MARCH 31, 2008

Fund Balances – Total Governmental Funds	\$ 959,922
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds.

Add: Capital Assets	2,154,240
Deduct: Accumulated Depreciation	(1,173,181)

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net assets.	<u>(274,500)</u>
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Net Assets of Governmental Activities	<u>\$ 1,666,481</u>
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The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED MARCH 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Revolving Improvement</u>	<u>Ambulance</u>	<u>Refuse</u>	<u>Total Government Funds</u>
<b>REVENUES:</b>						
Taxes/Special Assessments	\$ 167,531	\$ 140,580	\$	\$ 70,175	\$ 145,908	\$ 524,194
Licenses and Permits	38,452					38,452
State Shared Revenues	285,016					285,016
Metro Act	5,824					5,824
Charges for Services		38,546				38,546
Interest	5,992	501	11,691	34	3,445	21,663
Rentals	17,567					17,567
Other Revenue	3,345	21,974				25,319
<b>TOTAL REVENUES</b>	<u>\$ 523,727</u>	<u>\$ 201,601</u>	<u>\$ 11,691</u>	<u>\$ 70,209</u>	<u>\$ 149,353</u>	<u>\$ 956,581</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	\$ 229,247	\$	\$	\$	\$ 10	\$ 229,257
Public Safety	35,658	159,544			17,550	212,752
Public Works	306,594				153,541	460,135
Community & Economic Development	1,895					1,895
Capital Outlay		322,729				322,729
Principal - LTD		48,229				48,229
Interest Expense		11,600				11,600
<b>TOTAL EXPENDITURES</b>	<u>\$ 573,394</u>	<u>\$ 542,102</u>	<u>\$</u>	<u>\$ 17,550</u>	<u>\$ 153,551</u>	<u>\$1,286,597</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ (49,667)</u>	<u>\$(340,501)</u>	<u>\$ 11,691</u>	<u>\$ 52,659</u>	<u>\$ (4,198)</u>	<u>\$ (330,016)</u>
<b>OTHER FINANCING SOURCE:</b>						
Loan Proceeds	\$	\$ 322,729	\$	\$	\$	\$ 322,729
<b>TOTAL FINANCING SOURCES &amp; USES</b>	<u>\$</u>	<u>\$ 322,729</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 322,729</u>
<b>Net Change in Fund Balance</b>	<u>\$ (49,667)</u>	<u>\$ (17,772)</u>	<u>\$ 11,691</u>	<u>\$ 52,659</u>	<u>\$ (4,198)</u>	<u>\$ (7,287)</u>
<b>Fund Balance - Beginning</b>	<u>287,550</u>	<u>116,164</u>	<u>252,777</u>	<u>140,125</u>	<u>170,593</u>	<u>967,209</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 237,883</u>	<u>\$ 98,392</u>	<u>\$ 264,468</u>	<u>\$ 192,784</u>	<u>\$ 166,395</u>	<u>\$ 959,922</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SHIAWASSEE COUNTY, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES OF GOVERNMENT FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

Net change in fund balances – total governmental funds	\$ (7,287)
Amounts reported for governmental activities in the statement of activities are different because:	
Other financing sources (installment loan) proceeds recorded as revenue in governmental funds.	(322,729)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: Capital Outlay	646,658
Deduct: Depreciation Expense	(105,596)
Repayment of installment purchase agreement principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. Principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	<u>48,229</u>
Change in net assets of governmental activities	<u>\$ 259,275</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vernon Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting practices. The more significant of the government's accounting policies are described below:

A – REPORTING ENTITY

Vernon Township is governed by an elected six member board. The accompanying financial statements present the Township's primary government and component units over which the Township exercises significant influence. Significant influence was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the Township to finance any deficits that may occur or receipt of significant subsidies from the Township Component Units that do not meet the criteria for blending are reported discretely.

There are no component units that are reported in the Township's financial statements.

The Library Board has elected to report its audited financial statements under separate cover.

B - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, or privilege provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and the major enterprise funds are reported in separate columns in the fund financial statements.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Fire Fund – Used to account for monies disbursed for Township Fire Protection.

Refuse Fund – Used to account for special assessment monies collected to provide refuse service for Township residents.

Revolving Improvement Fund - Used to account for monies set aside for future Township improvements.

Ambulance Fund – Used to account for special revenue monies to provide ambulance service for Township residents.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT  
PRESENTATION (CONTINUED)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an "expendable" trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

D – ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Investments – The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds" activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items- Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets – Certain revenue bonds of the Enterprise Funds require amounts to be set aside for bond reserve. These amounts have been classified as restricted investments.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township began recording governmental infrastructure constructed on or after July 1, 2003 as followed by GASB 34.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D – ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

Property, Plant and Equipment is depreciated using the straight-line method over the following useful lives:

Land Improvements	10 to 20 years
Buildings and Building Improvements	25 to 40 years
Utility Systems	25 to 40 years
Roads	25 years
Other Infrastructure	20 to 40 years
Vehicles	5 to 10 years
Machinery and Equipment	5 to 10 years

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E – USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

F – BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt services funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not utilized in the governmental funds. Encumbrances outstanding at year end are not reported as reservations of fund balances and also do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G – COMPENSATED ABSENCES AND POST EMPLOYMENT BENEFITS

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for those amounts. In accordance with the provisions reported for those amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Under the Consolidated Omnibus Budgeting Reconciliation Act (COBRA) certain requirements are outlined for health insurance coverage of former employees and eligible dependents. The Township does not have health insurance coverage for its employees, therefore, there are no post-employment health care benefits.

NOTE 2 – LEGAL COMPLIANCE BUDGETS

Before the beginning of each fiscal year, the proposed budget is presented to the board for review. The government's board holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the board.

Expenditures may not legally exceed budgeted appropriations. The original general fund was amended during the year. The final amended budget is included in the financial statements.

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Government Unit Board has designated one bank for the deposit of Local Unit funds. The investment policy adapted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.



VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Local Governmental Unit's deposits and investments policy are in accordance with statutory authority.

The Township's deposits at March 31, 2008, consisted of cash and certificates of deposit at one financial institution.

<u>Institution</u>	<u>Amount</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
<u>A</u>			
Demand Deposits	\$ 644,691	\$ 100,000	\$ 544,691
Time Deposits	<u>346,578</u>	<u>100,000</u>	<u>246,578</u>
	<u>\$ 991,269</u>	<u>\$ 200,000</u>	<u>\$ 791,269</u>

NOTE 4 – RETIREMENT

The board approved a money purchase pension plan, effective June 20, 1991. The Township contributed \$3,622 to the retirement plan for the year ended March 31, 2008. The Township contribution is 6% of annual compensation.

NOTE 5 – PROPERTY TAX

Taxes levied on December 1, are payable on February 14. The Township bills and collects its own property taxes and also taxes for the county and local school districts. Collections of the county and school taxes and remittances of them are accounted for in the current tax collection fund. Township property taxes are recognized when levied to the extent that they result in current receivables.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 6 -- CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	<u>Balance</u> <u>03-31-07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>03-31-08</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being Depreciated:				
Land	\$ 37,000	\$	\$	\$ 37,000
Capital Assets being Depreciated:				
Buildings and Improvements	252,927	28,187		281,114
Office Equipment	36,620			36,620
Infrastructure	342,201	228,232		570,433
Fire Vehicles	597,985	322,729		920,714
Fire Equipment	<u>240,849</u>	<u>67,510</u>		<u>308,359</u>
<b>CAPITAL ASSETS BEING DEPRECIATED</b>	<u>\$1,470,582</u>	<u>\$ 646,658</u>	<u>\$</u>	<u>\$2,117,240</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Buildings and Improvement	\$ 184,811	\$ 9,683	\$	\$ 194,494
Office Equipment	34,271	1,017		35,288
Infrastructure	33,844	25,772		59,616
Fire Vehicles	597,985	59,167		657,152
Fire Equipment	<u>216,674</u>	<u>9,957</u>		<u>226,631</u>
<b>ACCUMULATED DEPRECIATION</b>	<u>\$1,067,585</u>	<u>\$ 105,596</u>	<u>\$</u>	<u>\$1,173,181</u>
Net Capital Assets being Depreciated	<u>402,997</u>	<u>541,062</u>		<u>944,059</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 439,997</u>	<u>\$ 541,062</u>	<u>\$</u>	<u>\$ 981,059</u>

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 7 – GENERAL LONG – TERM DEBT

On May 5, 2007 the Township purchased a fire truck, in the Fire Fund. This purchase was financed as a lease purchase and capitalized, with a fair market value of \$322,729 in the March 31, 2007 fiscal year. The term of the agreement is 72 months with a 4.35% per annum rate. Six annual installment payments are due each May 8, beginning in 2008.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
5/8/08	\$ 48,229	\$ 14,039	\$ 62,268
5/8/09	50,327	11,941	62,268
5/8/10	52,516	9,752	62,268
5/8/11	54,801	7,468	62,268
5/8/12	57,184	5,084	62,268
5/8/13	<u>59,672</u>	<u>2,596</u>	<u>62,268</u>
Total	<u>\$322,729</u>	<u>\$ 50,880</u>	<u>\$373,608</u>

The Township accrued \$11,600 for interest expense for the year.

NOTE 8 - AMBULANCE SERVICE AGREEMENT

On December 14, 2007 the Township signed a contract with Corunna Area Ambulance Services (CAAS) for ambulance services for the Township's residents. The contract is for one year commencing January 2008 and terminating December 2008. Unless cancelled, the contract will be renewed for one year periods not exceeding ten years.

The Township will pay CAAS monthly \$25 per residential unit and \$25 each for every ten business employees.

For the fiscal year ended March 31, 2008, the Township paid CAAS \$17,550.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2008

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the body of the general purpose financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Fund.

During the period ended March 31, 2008, the Township incurred expenditures in excess of the amounts appropriated as follows:

	<u>Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Other General Government:			
Street Lights	\$ 6,000	\$ 6,464	\$ 464

NOTE 10 – RISK MANAGEMENT

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

The Township also maintains commercial insurance coverage for workers' compensation.

## REQUIRED SUPPLEMENTARY INFORMATION

VERNON TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED MARCH 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget (Over) Under
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Current Property Taxes	\$	\$	\$106,934	\$
Mobile Home Taxes			5,125	
Act 425 Taxes			12,901	
Administration Fees			<u>42,571</u>	
TOTAL TAX REVENUE	\$ 92,000	\$ 80,000	\$167,531	\$ (87,531)
Fees and Permits:				
Licenses, Fees and Permits	\$	\$	\$ 38,452	\$
TOTAL FEES & PERMITS	\$ 40,000	\$ 40,000	\$ 38,452	\$ 1,548
Inter-Governmental:				
State of Michigan	\$	\$	\$285,016	\$
TOTAL INTER-GOVERNMENTAL	\$285,000	285,000	\$285,016	\$ (16)
Rents & Royalties:				
Hall Rental	\$	\$	\$ 2,790	\$
Royalties			<u>14,777</u>	
TOTAL RENTS & ROYALTIES	\$ 15,000	\$ 15,000	\$ 17,567	\$ (2,567)
Miscellaneous Receipts:				
Metro Act	\$	\$	\$ 5,824	\$
Interest Earned			5,992	
Refunds and Miscellaneous			<u>3,345</u>	
TOTAL MISCELLANEOUS	\$ 11,000	\$ 15,000	\$ 15,161	\$ (161)
 TOTAL REVENUES	 \$443,000	 \$435,000	 \$523,727	 \$ (88,727)

The accompanying notes are an integral part of the financial statements

VERNON TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED MARCH 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget (Over) <u>Under</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES:				
General Government:				
Township Board	\$ 30,000	\$ 35,000	\$ 30,633	\$ 4,367
Supervisor	22,000	22,000	17,862	4,138
Clerk	25,000	25,000	19,554	5,446
Board of Review	1,500	1,500	361	1,139
Treasurer	30,000	30,000	28,054	1,946
Assessor	30,000	30,000	26,377	3,623
Elections	3,000	3,000	1,731	1,269
Township Hall	40,000	52,000	51,564	436
Cemetery	20,000	20,000	16,271	3,729
Attorney	35,000	35,000	16,638	18,362
Insurance	<u>35,000</u>	<u>35,000</u>	<u>20,202</u>	<u>14,798</u>
TOTAL GENERAL GOVERNMENT	\$271,500	\$288,500	\$229,247	\$ 59,253
Public Works:				
Street Lights	\$ 6,000	\$ 6,000	\$ 6,464	\$ (464)
Highways, Streets & Bridges	300,000	300,000	288,837	11,163
Drains at Large	<u>20,000</u>	<u>20,000</u>	<u>11,293</u>	<u>8,707</u>
TOTAL PUBLIC WORKS	\$326,000	\$326,000	\$306,594	\$ 19,406
COMMUNITY & ECONOMIC DEVELOPMENT:				
Planning Commission	\$ 5,000	\$ 5,000	\$ 1,895	\$ 3,105
TOTAL COMMUNITY & ECONOMIC DEVELOPMENT	\$ 5,000	\$ 5,000	\$ 1,895	\$ 3,105
Public Safety:				
Building Inspector	\$ 40,000	\$ 40,000	\$ 35,658	\$ 4,342
TOTAL PUBLIC SAFETY	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 35,658</u>	<u>\$ 4,342</u>
TOTAL EXPENDITURES	<u>\$642,500</u>	<u>\$659,500</u>	<u>\$573,394</u>	<u>\$ 86,106</u>

The accompanying notes are an integral part of the financial statements

VERNON TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED MARCH 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget (Over) Under
	<u>Original</u>	<u>Final</u>		<u>Under</u>
EXCESS OF REVENUES OVER (UNDER)				
Expenditures and Other Sources				
(Uses) of Funds	\$(199,500)	\$(224,500)	\$ (49,667)	\$(174,833)
Fund Balance, April 1, 2007	<u>\$ 287,550</u>	<u>\$ 287,550</u>	<u>\$ 287,550</u>	<u>\$ _____</u>
FUND BALANCE MARCH 31, 2008	<u>\$ 88,050</u>	<u>\$ 68,050</u>	<u>\$ 237,883</u>	<u>\$(174,833)</u>

The accompanying notes are an integral part of the financial statements.



VERNON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE - FIRE FUND  
YEAR ENDED MARCH 31, 2008

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance with Final Budget (Over) <u>Under</u>
REVENUES:				
Special Assessments	\$	\$	\$ 140,580	\$
Charges for Services			38,546	
Interest			501	
Donations/Grants			4,474	
Other Revenue			17,500	
TOTAL REVENUE	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 201,601</u>	<u>\$ (51,601)</u>
EXPENDITURES:				
Public Safety	\$	\$	\$ 159,544	\$
Fire Truck Purchase			322,729	
Principal Interest-LTD			59,829	
TOTAL EXPENDITURES	<u>\$ 273,138</u>	<u>\$ 200,000</u>	<u>\$ 542,102</u>	<u>\$(342,102)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$(123,138)</u>	<u>\$ (50,000)</u>	<u>\$(340,501)</u>	<u>\$ 290,501</u>
OTHER FINANCING SOURCES (USES):				
Fire Truck Loan	<u>\$</u>	<u>\$</u>	<u>\$ 322,729</u>	<u>\$(322,729)</u>
TOTAL OTHER FINANCING SOURCES & USES	<u>\$</u>	<u>\$</u>	<u>\$ 322,729</u>	<u>\$(322,729)</u>
Net Change in Fund Balance	<u>\$(123,138)</u>	<u>\$ (50,000)</u>	<u>\$ (17,772)</u>	<u>\$ 32,228</u>
Fund Balance April 1, 2007	<u>116,164</u>	<u>116,164</u>	<u>116,164</u>	<u></u>
FUND BALANCE MARCH 31, 2008	<u>\$ (6,974)</u>	<u>\$ (66,164)</u>	<u>\$ 98,392</u>	<u>\$ 32,228</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE - AMBULANCE  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Final Budget (Over) Under
REVENUES:				
Special Assessments	\$	\$	\$ 70,175	\$
Interest			34	
TOTAL REVENUES	\$	\$ 210,000	\$ 70,209	\$ 139,791
EXPENDITURES:				
Contract Services	\$	\$	\$ 17,550	\$
TOTAL EXPENDITURES	\$	\$ 210,000	\$ 17,550	\$ 192,450
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$	\$ 52,659	\$ (52,659)
Fund Balance April 1, 2007	<u>\$ 140,125</u>	<u>\$ 140,125</u>	<u>\$ 140,125</u>	<u>\$</u>
FUND BALANCE MARCH 31, 2008	<u>\$ 140,125</u>	<u>\$ 140,125</u>	<u>\$ 192,784</u>	<u>\$ (52,659)</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE - REVOLVING IMPROVEMENT FUND  
YEAR ENDED MARCH 31, 2008

	Original Budget	Amended Budget	Actual	Variance with Final Budget (Over) Under
REVENUES:				
Interest	\$ _____	\$ _____	\$ 11,691	\$ _____
TOTAL REVENUES	\$ _____	\$ 14,000	\$ 11,691	\$ 2,309
EXPENDITURES:				
TOTAL EXPENDITURES	\$ _____	\$ _____	\$ _____	\$ _____
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ _____	\$ 14,000	\$ 11,691	\$ 2,309
Fund Balance April 1, 2007	<u>252,777</u>	<u>252,777</u>	<u>252,777</u>	_____
FUND BALANCE MARCH 31, 2008	<u>\$252,777</u>	<u>\$266,777</u>	<u>\$264,468</u>	<u>\$ 2,309</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE - REFUSE FUND  
YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES:				
Special Assessments	\$	\$	\$ 145,908	\$
Interest			<u>3,445</u>	
TOTAL REVENUES	<u>\$ 125,000</u>	<u>\$ 155,000</u>	<u>\$ 149,353</u>	<u>\$ 5,647</u>
EXPENDITURES:				
Refuse Expenses	\$	\$	\$ 153,541	\$
Office Supplies			<u>10</u>	
TOTAL EXPENDITURES	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ 153,551</u>	<u>\$ 1,449</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (30,000)	\$	\$ (4,198)	\$ 4,198
Fund Balance April 1, 2007	<u>170,593</u>	<u>170,593</u>	<u>170,593</u>	
FUND BALANCE MARCH 31, 2008	<u>\$ 140,593</u>	<u>\$ 170,593</u>	<u>\$ 166,395</u>	<u>\$ 4,198</u>

The accompanying notes are an integral part of the financial statements.

## OTHER SUPPLEMENTARY INFORMATION

VERNON TOWNSHIP  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$227,918	\$276,544
Taxes Receivable	13,465	12,699
Accounts Receivable – Cable	11,866	11,871
Due from Tax Fund	<u>274</u>	<u>1,704</u>
TOTAL ASSETS	<u>\$253,523</u>	<u>\$302,818</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 10,229	\$ 10,836
Payroll Taxes	1,944	1,514
Due to Other Entities	<u>3,467</u>	<u>2,918</u>
TOTAL LIABILITIES	\$ 15,640	\$ 15,268
 Fund Balance	 <u>\$237,883</u>	 <u>\$287,550</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$253,523</u>	<u>\$302,818</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Current Property Taxes	\$ 106,934	\$ 103,340
Mobile Home Taxes	5,125	5,422
Act 425 Taxes	<u>12,901</u>	<u>11,910</u>
TOTAL TAXES	\$ 124,960	\$ 120,672
Fees & Permits:		
Licenses, Fees & Permits	<u>\$ 38,452</u>	<u>\$ 28,198</u>
TOTAL FEES & PERMITS	\$ 38,452	\$ 28,198
Inter-governmental:		
State of Michigan	<u>\$ 285,016</u>	<u>\$ 284,256</u>
TOTAL INTER-GOVERNMENTAL	\$ 285,016	\$ 284,256
Revenues:		
Administration Fees	<u>\$ 42,571</u>	<u>\$ 41,407</u>
TOTAL CHARGES FOR SERVICES	\$ 42,571	\$ 41,407
Rents & Royalties:		
Hall Rental	\$ 2,790	\$ 3,300
Royalties	<u>14,777</u>	<u>14,373</u>
TOTAL RENTS & ROYALTIES	\$ 17,567	\$ 17,673
Miscellaneous Receipts:		
Metro Act	\$ 5,824	\$ 5,359
Interest Earned	5,992	6,436
Refunds & Miscellaneous	<u>3,345</u>	<u>6,091</u>
TOTAL MISCELLANEOUS	<u>\$ 15,161</u>	<u>\$ 17,886</u>
TOTAL REVENUES	<u>\$ 523,727</u>	<u>\$ 510,092</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Expenditures:		
General Government:		
Township Board:		
Salaries-Trustees	\$ 4,570	\$ 4,112
Professional Services - Audit	3,100	3,000
Retirement	3,622	3,635
FICA	173	47
Printing & Publishing	81	127
Jobs	4,980	4,980
Dues & Education	3,074	2,949
Repairs & Maintenance	53	
District Library	<u>6,000</u>	
	\$ 25,653	\$ 18,850
Supervisor:		
Salaries	\$ 14,500	\$ 14,042
FICA	226	152
Tax Roll Preparation	<u>3,136</u>	<u>3,068</u>
	\$ 17,862	\$ 17,262
Elections:		
Salaries	\$ 1,615	\$ 3,621
Repairs & Maintenance	105	1,356
Printing & Publishing	11	112
Office Supplies	<u></u>	<u>330</u>
	\$ 1,731	\$ 5,419
Clerk:		
Salaries	\$ 14,520	\$ 14,042
Salaries-Deputy	2,175	2,438
FICA	279	85
Office Supplies	2,105	4,036
Dues & Education		85
Mileage	<u>475</u>	<u>654</u>
	\$ 19,554	\$ 21,340

The accompanying notes are an integral part of the financial statements.



VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Board of Review:		
Salaries	\$ 200	\$ 200
FICA	11	5
Office Supplies	<u>150</u>	<u>25</u>
	\$ 361	\$ 230
Treasurer:		
Salaries	\$ 20,749	\$ 20,283
Salaries-Deputy	1,985	2,060
FICA	311	168
Office Supplies	1,309	1,163
Tax Statement Preparation	3,078	3,069
Mileage	<u>622</u>	<u>600</u>
	\$ 28,054	\$ 27,343
Professional Fees:		
Attorney Fees	\$ 16,638	\$ 29,931
Cemetery:		
Wages	\$ 2,317	\$ 589
Repairs & Maintenance	12,994	10,479
Office Supplies & Maintenance	<u>960</u>	<u>3,874</u>
	\$ 16,271	\$ 14,942
Magnet	\$ 4,980	\$ 3,960
Township Hall:		
Wages	\$ 2,850	\$ 2,550
Repairs & Maintenance	30,358	11,071
Utilities	7,227	6,423
Telephone	2,629	2,588
Mowing/Snow Removal	2,520	1,205
Office Supplies	<u>5,980</u>	<u>5,166</u>
	\$ 51,564	\$ 29,003

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assessor:		
Salary	\$ 24,100	\$ 24,200
Office Supplies	<u>2,277</u>	<u>2,905</u>
	\$ 26,377	\$ 27,105
Highway, Streets & Bridges:		
Roads	\$ 288,837	\$ 216,687
Lights:		
Public Utilities	\$ 6,464	\$ 5,327
Drains:		
Drains at Large	\$ 11,293	\$ 11,762
Building Inspector:		
Salaries	\$ 35,658	\$ 25,676
Planning Commission:		
Salary	\$ 1,795	\$ 1,830
FICA	<u>100</u>	<u>35</u>
	\$ 1,895	\$ 1,865
Insurance	<u>\$ 20,202</u>	<u>\$ 17,609</u>
TOTAL EXPENDITURES	<u>\$ 573,394</u>	<u>\$ 474,311</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (49,667)	\$ 35,781
Other Sources (Uses) of Funds:		
Operating Transfers In	\$	\$
Operating Transfers Out	<u>          </u>	<u>(10,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (49,667)	\$ 25,781
Fund Balance at Beginning of Year	<u>287,550</u>	<u>261,769</u>
FUND BALANCE AT END OF YEAR	<u>\$ 237,883</u>	<u>\$ 287,550</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
FIRE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 149,180	\$ 114,496
Taxes Receivable	<u>13,384</u>	<u>12,570</u>
TOTAL ASSETS	<u>\$ 162,564</u>	<u>\$ 127,066</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 3,482	\$ 10,190
Payroll Taxes Payable	861	712
Accrued Interest Payable	11,600	
Current Portion – LTD	<u>48,229</u>	
TOTAL LIABILITIES	\$ 64,172	\$ 10,902
 Fund Balance	 <u>98,392</u>	 <u>116,164</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 162,564</u>	<u>\$ 127,066</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES:		
Current Property Taxes	\$ 140,580	\$ 134,181
Interest	501	377
Other Revenues	<u>60,520</u>	<u>26,472</u>
TOTAL REVENUES	\$ 201,601	\$ 161,030
EXPENDITURES:		
Wages	\$ 45,762	\$ 48,958
Equipment	67,369	4,379
Health Evaluations	1,364	3,440
Building Maintenance	1,145	725
Office & Miscellaneous	1,445	2,296
Payroll Taxes	3,651	3,028
Dues	945	1,155
Radio Parts & Maintenance	2,529	1,563
Truck/Equipment Maintenance	23,801	17,348
Fuel	3,175	2,601
Insurance	406	1,666
Utilities & Communication	6,491	6,598
Education & Community Promotion	1,461	9,594
Capital Outlay – Fire Truck	322,729	
Fire Truck – Principal	48,229	44,453
Fire Truck – Interest	<u>11,600</u>	<u>736</u>
TOTAL EXPENDITURES	\$ 542,102	\$ 148,540
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(340,501)	\$ 12,490
OTHER SOURCES (USES) OF FUNDS		
Loan Proceeds	<u>\$ 322,729</u>	<u>\$</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (17,772)	\$ 12,490
Fund Balance at Beginning of Year	<u>116,164</u>	<u>103,674</u>
FUND BALANCE AT YEAR END	<u>\$ 98,392</u>	<u>\$ 116,164</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
REFUSE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 164,620	\$ 168,356
Taxes Receivable	<u>14,796</u>	<u>14,919</u>
TOTAL ASSETS	<u>\$ 179,416</u>	<u>\$ 183,275</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	<u>\$ 13,021</u>	<u>\$ 12,682</u>
TOTAL LIABILITIES	<u>\$ 13,021</u>	<u>\$ 12,682</u>
Fund Balance	<u>\$ 166,395</u>	<u>\$ 170,593</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 179,416</u>	<u>\$ 183,275</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
REFUSE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES:		
Special Assessment	\$ 145,908	\$ 146,016
Interest	<u>3,445</u>	<u>4,016</u>
TOTAL REVENUES	\$ 149,353	\$ 150,032
EXPENDITURES:		
Refuse Collection Expense	\$ 153,541	\$ 151,570
Office Supplies	<u>10</u>	<u>          </u>
TOTAL EXPENDITURES	\$ 153,551	\$ 151,570
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (4,198)	\$ (1,538)
Fund Balance at Beginning of Year	<u>\$ 170,593</u>	<u>\$ 172,131</u>
FUND BALANCE AT END OF YEAR	<u>\$ 166,395</u>	<u>\$ 170,593</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
REVOLVING AND IMPROVEMENT FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	<u>\$ 264,468</u>	<u>\$ 252,777</u>

FUND BALANCE

Fund Balance	<u>\$ 264,468</u>	<u>\$ 252,777</u>
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The accompanying notes are an integral part of the financial statements.



VERNON TOWNSHIP  
 REVOLVING AND IMPROVEMENT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES:		
Interest Income	\$ 11,691	\$ 11,977
TOTAL REVENUES	\$ 11,691	\$ 11,977
OTHER SOURCES (USES) OF FUNDS		
Operating Transfers In	\$	\$ 10,000
Operating Transfers Out	<u>\$</u>	<u>\$ 10,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 11,691	\$ 21,977
Fund Balance at Beginning of Year	<u>\$ 252,777</u>	<u>\$ 230,800</u>
FUND BALANCE AT END OF YEAR	<u>\$ 264,468</u>	<u>\$ 252,777</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
AMBULANCE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 184,809	\$ 132,584
Taxes Receivable	<u>7,975</u>	<u>7,541</u>
TOTAL ASSETS	<u>\$ 192,784</u>	<u>\$ 140,125</u>

FUND BALANCE

Fund Balance	<u>\$ 192,784</u>	<u>\$ 140,125</u>
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The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
AMBULANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES:		
Special Assessments	\$ 70,175	\$ 70,125
Interest Income	<u>34</u>	<u>      </u>
TOTAL INCOME	\$ 70,209	\$ 70,125
EXPENDITURES:		
Contracted Services	\$ 17,550	\$ <u>      </u>
TOTAL EXPENDITURES	\$ 17,550	\$ <u>      </u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 52,659	\$ 70,125
Fund Balance at Beginning of Year	<u>\$ 140,125</u>	<u>\$ 70,000</u>
FUND BALANCE AT END OF YEAR	<u>\$ 192,784</u>	<u>\$ 140,125</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
BALANCE SHEET – FIDUCIARY FUNDS  
TAX COLLECTION FUND  
MARCH 31, 2008

ASSETS

2008

Cash	\$ 274
	<u>\$ 274</u>

LIABILITIES

Due to Other Funds	\$ 274
Due to Other Entities	
Due to Taxpayers	
	<u>\$ 274</u>

The accompanying notes are an integral part of the financial statements.



## DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

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Joyce Simmons  
Barbara Wenzlick  
Bruce Wenzlick

June 2, 2008

Members of the Township Board  
Vernon Township  
Shiawassee County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the audit our firm performed on the financial statements of Vernon Township, for the year ended March 31, 2008.

### BUDGET

The State Revenue Sharing Distribution Law, P.A. 176 of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at March 31. Budgeted expenditures cannot exceed budgeted revenue plus the beginning fund balance. During our audit we noticed certain expenditures exceeding budgeting amounts. Care should be taken that expenditures do not exceed the budget. Amendments, if any, must occur before March 31.

We would like to thank the staff of the Township and the Township Board for the excellent cooperation we received for this year's audit. Our firm would be most happy to assist you in any matter the board may wish to review with us.

Sincerely yours,

*Demis and Wenzlick, P.C.*

Certified Public Accountants